

LORANGER VOLUNTEER FIRE DEPARTMENT, INC.

Loranger, Louisiana

ANNUAL FINANCIAL REPORT

As of and for the Year Ended

December 31, 2012

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LEE GRAY

CERTIFIED PUBLIC ACCOUNTANT

WWW.LEEGRAYCPA.COM

601 COURTNEY DRIVE
P. O. Box 368
AMITE, LOUISIANA 70422

PHONE (985) 748-9067
FAX (985) 748-4370
E-MAIL: LG@LEEGRAYCPA.COM

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Members of the
Loranger Volunteer Fire Department, Inc.
Loranger, Louisiana

I have reviewed the accompanying statement of financial position of Loranger Volunteer Fire Department, Inc. (a nonprofit corporation) as of December 31, 2012, and the related statements of activities and changes in net assets and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Certified Public Accountant

June 22, 2013

BASIC FINANCIAL STATEMENTS

LORANGER VOLUNTEER FIRE DEPARTMENT, INC.

Statement of Financial Position
December 31, 2012

ASSETS

Cash	\$183,498
Receivables - appropriations from Tangipahoa Parish Rural Fire Protection District No. 2	<u>87,954</u>
Total Assets	<u>\$271,452</u>

LIABILITIES AND NET ASSETS

<u>Liabilities</u>	
Accounts payable	\$ 16,403
Accrued salaries payable	6,265
Payroll taxes payable	<u>1,574</u>
Total Liabilities	24,242
<u>Net Assets</u>	
Temporarily Restricted	<u>247,210</u>
Total Liabilities and Net Assets	<u>\$271,452</u>

See accompanying notes and independent accountant's review report.

LORANGER VOLUNTEER FIRE DEPARTMENT, INC.

Statement of Activities and Changes
in Net Assets
For the Year Ended December 31, 2012

Temporarily Restricted Net Assets

Support and Revenues

Appropriations from:

Tangipahoa Parish Rural Fire Protection District No. 2	\$301,231
Interest Income	<u>65</u>

Total temporarily restricted support and revenues	<u>301,296</u>
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Expenses (net assets released from restrictions)

Program Services - Fire Protection

Wages and payroll tax expense	110,173
Contract services - Fire District No. 1	3,750
Contract labor - Chief	600
Building maintenance and supplies	10,359
Capital outlay	16,490
Equipment maintenance and supplies	38,415
Insurance	38,394
Return of appropriation to Rural Fire Protection District No. 2 for debt service	52,011
Telephone	2,711
Training	3,838
Utilities	<u>8,767</u>

Total program services	<u>285,508</u>
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Support Services

Accounting	6,000
Office supplies	4,390
Professional fees	<u>8,450</u>

Total support services	<u>18,840</u>
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Total net assets released from restrictions	<u>304,348</u>
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Decrease in temporarily restricted net assets	(3,052)
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Net Assets, beginning of year	<u>250,262</u>
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Net Assets, end of year	<u>\$247,210</u>
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See accompanying notes and independent accountant's review report.

LORANGER VOLUNTEER FIRE DEPARTMENT, INC.

Statement of Cash Flows
For the Year Ended December 31, 2012

Cash flows from operating activities:		
Change in net assets		\$ (3,052)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease in accounts receivable	\$16,070	
Decrease in accounts payable	(8,213)	
Increase in accrued salaries payable	6,265	
Decrease in payroll taxes payable	<u>(348)</u>	
Total adjustments		<u>13,774</u>
Net cash provided by operating activities		<u>10,722</u>
Increase in cash		10,722
Cash at beginning of year		<u>172,776</u>
Cash at end of year		<u>\$183,498</u>

See accompanying notes and independent accountant's review report.

NOTES TO THE FINANCIAL STATEMENTS

LORANGER VOLUNTEER FIRE DEPARTMENT, INC.

Notes to Financial Statements

December 31, 2012

INTRODUCTION

The Loranger Volunteer Fire Department, Inc. (Loranger Fire) was incorporated on May 22, 1998, as an association of volunteer firemen serving the Loranger, Louisiana, geographical area. The Loranger Volunteer Fire Department, Inc. is exempt from federal income tax under Section 501 (c) (4) of the Internal Revenue Code. The Loranger Volunteer Fire Department, Inc. is funded, for the most part, by an annual appropriation from the Tangipahoa Parish Rural Fire Protection District No. 2 (Rural Fire Protection District No. 2).

The Rural Fire Protection District No. 2 contracts with the Loranger Fire and nine other fire departments to carry-out its mission of providing fire protection for the entire parish of Tangipahoa, excluding the incorporated municipalities and entire Third Ward in said parish.

Rural Fire Protection District No. 2 receives ad valorem taxes, state revenue sharing, and two percent fire insurance rebated monies and appropriates these monies, along with interest earnings, to the ten individual fire departments in accordance with an annual agreement. The primary responsibility of each fire department is the prevention and termination of fires which pose a threat to life or property within its areas of responsibility. The secondary responsibility is to respond to any and all calls for assistance from any of the other fire departments in Rural Fire Protection District No. 2.

The annual agreement provides, in part, that the appropriation of revenue from Rural Fire Protection District No. 2 be based upon the square miles served by the individual fire departments, the population within the area served, and the number of fire calls received in a given period. The agreement also requires that the individual fire departments expend the appropriations solely for the purpose of operating, maintaining, and/or purchasing equipment and supplies for their fire department, and for approved salaries. The agreement additionally requires the individual fire departments to render quarterly statements of funds received and expended to Rural Fire Protection District No. 2.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements present only the financial activities of Loranger Fire arising from appropriations received from Rural Fire Protection District No. 2, and certain other revenues. The financial statements are not intended to and do not present the financial position and results of operations in conformity with generally accepted accounting principles.

A. BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, Loranger Fire is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Loranger Volunteer Fire Department, Inc.
Notes to Financial Statements - continued

B. BASIS OF ACCOUNTING

The financial statements of Loranger Fire have been prepared on the accrual basis of accounting.

C. SUPPORT AND REVENUE

Support consists primarily of appropriations received from Rural Fire Protection District No. 2 from ad valorem taxes, state revenue sharing funds, and fire insurance rebate funds received by the District. Loranger Fire receives a percentage of the total funds available to Rural Fire Protection District No. 2 based on formula contained in a contract agreed to by all participating fire departments in Tangipahoa Parish.

D. DEPOSITS AND INVESTMENTS

Cash includes cash amounts in an interest-bearing checking account. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, Loranger Fire may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, Loranger Fire may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Loranger Fire had no investments at December 31, 2012.

E. ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. CONTRIBUTIONS

Loranger Fire has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made". Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

G. INCOME TAXES

Loranger Fire is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code, and therefore has made no provision for federal income taxes in the accompanying financial statements.

H. CAPITAL ASSETS

All capital assets used by Loranger Fire are owned by Rural Fire Protection District No. 2. Therefore, there are no capital assets reported in the accompanying financial statements. The equipment used by Loranger Fire has been purchased with funds received from Rural Fire Protection District No. 2.

2. CONCENTRATIONS

Financial instruments which potentially subject Loranger Fire to concentrations of credit risk consist principally of cash held in a checking account. Loranger Fire maintains a checking account which is insured by the FDIC for deposits up to \$250,000. At December 31, 2012, Loranger Fire's insured balance totaled \$183,498.

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available solely for the purposes of maintaining and operating Fire District No. 2's fire protection facilities, for purchasing fire trucks and other fire fighting equipment, and paying the cost of obtaining water for fire protection purposes including charges for fire hydrant rentals and service, and providing emergency services to the residents of Fire District No. 2 in accordance with the annual agreement with Rural Fire District No. 2.

4. RETURN OF APPROPRIATION FOR DEBT SERVICE

A. In 2003, Rural Fire Protection District No. 2 borrowed \$200,000 on Certificate of Indebtedness, Series 2003B to be used by Loranger Fire to construct a new fire station.

There were two certificates of indebtedness issued. Certificate No. R-1 is for \$170,000 between the Rural Fire Protection District No. 2 and Hancock Bank of Louisiana. Certificate No. R-2 is for \$30,000 between the Rural Fire Protection District No. 2 and the Louisiana Public Facilities Authority.

The certificates are secured by and payable solely from an irrevocable pledge and dedication of funds to be derived by the Rural Fire Protection District No. 2 from the levy and collection of a special 10 mills tax authorized to be levied in each of the years 2004 through 2013.

The annual contract between Tangipahoa Parish Rural Fire Protection District No. 2 and Loranger Volunteer Fire Department, Inc. states that all loan payments shall be made by Loranger Volunteer Fire Department, Inc. out of the department's annual allocation of the Fire District funds.

Loranger Volunteer Fire Department, Inc.
Notes to Financial Statements - concluded

At December 31, 2012, the balances owed by Rural Fire Protection District No. 2 on Certificates of Indebtedness, Series 2003B were as follows:

<u>Series 2003B</u>	<u>Balance 12-31-11</u>	<u>Payments FYE 12-31-12</u>	<u>Balance 12-31-12</u>
Cert. No. R-1	<u>\$45,000</u>	<u>\$22,000</u>	<u>\$23,000</u>
Totals	<u>\$45,000</u>	<u>\$22,000</u>	<u>\$23,000</u>

B. In 2007, Rural Fire Protection District No. 2 borrowed \$240,000 on Certificate of Indebtedness, Series 2007 to be used by Loranger Fire to purchase a new fire truck and consolidate debt.

There were two certificates of indebtedness issued. Certificate No. R-1 is for \$205,000 between Rural Fire Protection District No. 2 and Hancock Bank of Louisiana. Certificate No. R-2 is for \$35,000 between Rural Fire Protection District No. 2 and the Louisiana Public Facilities Authority. Certificate No. R-2 was paid in full as of December 31, 2011.

The certificates are secured by and payable solely from an irrevocable pledge and dedication of funds to be derived by the Rural Fire Protection District No. 2 from the levy and collection of a special 10 mills tax authorized to be levied in each of the years 2004 through 2015.

The annual contract between Tangipahoa Parish Rural Fire Protection District No. 2 and Loranger Volunteer Fire Department, Inc. states that all loan payments shall be made by Loranger Volunteer Fire Department, Inc. out of the department's annual allocation of the Fire District funds.

At December 31, 2012, the balances owed by Rural Fire Protection District No. 2 on Certificates of Indebtedness, Series 2007 were as follows:

<u>Series 2007</u>	<u>Balance 12-31-11</u>	<u>Payments FYE 12-31-12</u>	<u>Balance 12-31-12</u>
Cert. No. R-1	<u>\$131,000</u>	<u>\$24,000</u>	<u>\$107,000</u>
Totals	<u>\$131,000</u>	<u>\$24,000</u>	<u>\$107,000</u>

5. SUBSEQUENT EVENTS

Effective March 2013, Rural Fire Protection District No. 2 has taken over the administration of the public funds with the exception of payroll. Loranger Fire will prepare the payroll checks and payroll tax returns.



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601 COURTNEY DRIVE
P. O. Box 368
AMITE, LOUISIANA 70422

PHONE (985) 748-9067
FAX (985) 748-4370
E-MAIL: LG@LEEGRAYCPA.COM

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Members of the
Loranger Volunteer Fire Department, Inc.
Loranger, Louisiana

I have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Loranger Volunteer Fire Department, Inc. and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Loranger Volunteer Fire Department's compliance with certain laws and regulations during the year ended December 31, 2012, included in the accompanying Louisiana Attestation Questionnaire and the additional agreed-upon procedures as required by the Legislative Auditor, State of Louisiana for the fiscal year ended December 31, 2012. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Federal Award - No expenditures during fiscal year ended December 31, 2012.

State Award - No expenditures during fiscal year ended December 31, 2012.

Local Award - Total appropriation from Tangipahoa Parish Rural Fire Protection District No. 2 for the fiscal year ending December 31, 2012, was as follows:

For Fire Protection	\$301,231
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Loranger Volunteer Fire Department, Inc.
Independent Accountant's Report
on Applying Agreed-Upon Procedures - continued

2. For each federal, state, and local award, randomly select 6 disbursements from each award administered during the period under examination, provided that no more than 30 disbursements are selected.

Six disbursements were selected for the local award.

3. For the items selected in procedure 2, trace the disbursements to supporting documentation as to proper amount and payee.

I examined supporting documentation for all selected disbursements and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in procedure 2, determine if the disbursements were properly coded to the correct fund and general ledger account.

All the selected disbursements were properly coded to the correct fund and general ledger account.

5. For the items selected in procedure 2, determine whether the disbursements received approval from proper authorities.

All selected disbursements received approval from the proper authority.

6. For the items selected in procedure 2: For Federal awards, determine whether the disbursements complied with the applicable specific program compliance requirements summarized in *the Compliance Supplement* (or contained in the grant agreement, if the program is not included in the Compliance Supplement) and for state and local awards, determine whether the disbursements complied with the grant agreement.

For the Local award, I determined that each of the six selected disbursements were expended for the purposes of operating, maintaining, and/or purchasing equipment and supplies, as required in the 2012 agreement with Tangipahoa Parish Rural Fire Protection District No. 2.

7. For the programs selected for testing in item (2) that had been closed out during the period under review, compare the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

Not applicable.

Loranger Volunteer Fire Department, Inc.
Independent Accountant's Report
on Applying Agreed-Upon Procedures - concluded

Meetings

8. Examine evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Loranger Volunteer Fire Department, Inc. posted the required notice of each meeting and the accompanying agenda on the front and side doors of the Loranger Volunteer Fire Department's station at least twenty-four hours in advance of the meeting.

Comprehensive Budget

9. For all grants exceeding five thousand dollars, determine that each applicable federal, state, or local grantor agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Preparation of a comprehensive budget does not appear to be required in the agreement with Rural Fire Protection District No. 2.

Prior Comments and Recommendations

10. Review any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

There were no prior Attestation Findings.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of Loranger Volunteer Fire Department, Inc. and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant

June 22, 2013

**LOUISIANA
ATTESTATION
QUESTIONNAIRE**

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)

4-30-13 (Date Transmitted)

Lee Gray, CPA

P.O. Box 368

Amite, LA 70422

(Auditors)

In connection with your review of our financial statements as of December 31, 2012 and for the period then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

Federal, State, and Local Awards

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes [☒] No []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes [☒] No []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [☒] No []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [☒] No []

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law).

Yes [☒] No []

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [☒] No []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

_____	Secretary	_____	Date
_____	Treasurer	_____	Date
<u>Robert A. Moul</u>	President	<u>4/30/13</u>	Date